

**BRIEF STATEMENT OF CONSOLIDATED FINANCIAL RESULTS
FOR THE 1st QUARTER OF THE FISCAL YEAR ENDING MARCH 2025**

This is an English translation of summarized consolidated financial results prepared for the convenience of non-resident shareholders. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

August 14, 2024

Faith, Inc. (Stock code 4295, Listed on TSE Standard section)

(URL <https://www.faith.co.jp/>)

Representative: Hajime Hirasawa, CEO/President

Contact: Chikayo Suzuki, CFO/Executive Officer Tel: +81-3-6855-7811

Starting Date of the Dividend Payment: -

Preparation of Supplementary Materials for Quarterly Financial Results: Not applicable

Information Meeting for Quarterly Financial Results to be Held: Not applicable

Amounts are rounded down to the nearest JPY 1 million.

**1. Results for the 1st Quarter of the Fiscal Year Ending March 2025
(From April 1, 2024 to June 30, 2024)**

(1) Consolidated Operating Results (cumulative totals)

(Percentages indicate changes compared with the 1st quarter of the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of the Parent	
	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%
Year ending March 2024 Q1	3,370	△3.7	△40	—	△33	—	△151	—
Year ending March 2023 Q1	3,499	△0.7	△40	—	△47	—	△80	—

(Note) Comprehensive income: 1st quarter of the fiscal year ending March 2025: △¥191 million (-%); 1st quarter of the fiscal year ending March 2024: △¥442 million (-%)

	Net Income per Share	Diluted Net Income per Share
	<i>Yen</i>	<i>Yen</i>
Year ending March 2025 Q1	△13.95	—
Year ending March 2024 Q1	△7.40	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Equity Capital
	<i>Millions of yen</i>	<i>Millions of yen</i>	%
Year ending March 2025 Q1	20,693	13,027	63.0
Year ending March 2024	21,903	13,274	60.6

(Reference) Equity capital: 1st quarter of fiscal year ending March 2025: ¥13,027 million; fiscal year ending March 2024: ¥13,274 million

2. Dividends

(Record dates)	Dividends per Share				
	1 st Quarter	Interim	3 rd Quarter	Year-end	Total
	<i>Yen</i>	<i>Yen</i>	<i>Yen</i>	<i>Yen</i>	<i>Yen</i>
Year ending March 2024	—	5.00	—	5.00	10.00
Year ending March 2025	—	5.00	—	5.00	10.00
Year ending March 2025 (Forecast)	—	5.00	—	5.00	10.00

(Note) Revision of dividend forecast since the most recently announced dividend forecast: Not applicable

3. Forecast for the Consolidated Results for the Year Ending March 2025 (from April 1, 2024 to March 31, 2025)

(Percentages show changes from the previous year for full-year figures and from the same quarter of the previous year for quarterly figures.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of the Parent		Net Income per Share
	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Yen</i>
Full year	15,100	9.9	199	—	1895	—	23	—	2.12

(Note) Revision of consolidated results forecast since the most recently announced forecast: Not applicable

※ Notes

(1) Changes in significant subsidiaries (accompanying changes in scope of consolidation): Not applicable
 Newly added subsidiaries: 0 companies (subsidiary's name:)
 Removed subsidiaries: 0 companies (subsidiary's name:)

(2) Adoption of simplified accounting practices or specific procedures in preparation of the quarterly consolidated financial reports: Not applicable

(3) Changes in accounting policies, changes in accounting estimates, and restatements
 (3)-1. Changes accompanying revisions of accounting standards, etc.: Applicable
 (3)-2. Changes other than the above: Not applicable
 (3)-3. Changes in accounting estimates: Not applicable
 (3)-4. Restatements: Not applicable

(4) Outstanding shares (common shares)

(4)-1. Outstanding shares at the end of the period (including treasury shares):

Year ending March 2025 Q1: 13,831,091 shares

Year ending March 2024: 13,831,091 shares

(4)-2. Treasury shares at the end of the period:

Year ending March 2025 Q1: 2,989,536 shares

Year ending March 2024: 2,989,350 shares

(4)-3. Average number of shares during the period (cumulative total for the quarter)

Year ending March 2025 Q1: 10,841,587 shares

Year ending March 2024 Q1: 10,836,066 shares

(Note) The number of shares of treasury stock at the end of the period includes those shares (245,900 shares in Q1 of the year ending March 2025, 245,900 shares in the year ending March 2024) contributed as trust assets of the performance-linked stock compensation plan. In addition, these shares are included in the shares of treasury stock deducted in calculating the average number of shares during the accounting period (245,900 shares in the year ending March 2025, 252,300 shares in Q1 of the year ending March 2024).

* This financial results report is exempt from quarterly review procedures.

* Statement regarding the proper use of performance forecasts and other special remarks

(Notice regarding statements concerning the future)

Statements concerning the future, such as performance forecasts, etc., described in the present material are based on information currently available to the Company and on certain assumptions judged as reasonable by the Company. The Company's actual performance may differ substantially from these forecasts as a result of various factors beyond the Company's control. For details of cautions, etc., employed in making performance forecasts and the assumptions underlying performance forecasts, please refer to "1. Qualitative Information Concerning the Settlement of Accounts for the 1st Quarter, (3) Explanation Concerning Future Forecast Information on the Consolidated Financial Results, etc." on page 4 of the accompanying material.

Accompanying Material — Contents

- 1. Qualitative Information Concerning the Settlement of Accounts for the 1st Quarter 2
 - (1) Explanation Concerning the Operating Results 2
 - (2) Explanation Concerning the Financial Position 4
 - (3) Explanation Concerning Future Forecast Information on the Consolidated Financial Results, etc. 4

- 2. Consolidated Financial Statements and Important Explanatory Notes 5
 - (1) Consolidated Balance Sheet 5
 - (2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income 7
 - (Consolidated Statement of Income) 7
 - (Consolidated Statement of Comprehensive Income) 8
 - (3) Notes Concerning the Consolidated Financial Statements 9
 - (Notes on Changes in Accounting Policies) 9
 - (Notes on Segment Information) 9
 - (Notes on Significant Changes in the Amount of Shareholders' Equity) 10
 - (Notes on the Premise of a Going Concern) 10
 - (Notes to the Statement of Cash Flows) 10

1. Qualitative Information Concerning the Settlement of Accounts for the 1st Quarter

(1) Explanation Concerning the Operating Results

In the Japanese information and communications field in 2023, the Internet penetration rate remained high at 86.2%, while the percentage of households owning one or more smartphones was 90.6%, and “SNS use (including for free calling functions)” was the most popular purpose of internet use at 80.8% (*1). In addition, while the movement away from television has continued since the year 2000, particularly among younger people, advertising expenses for the Internet in Japan increased by 7.8% in 2023 from the previous year to ¥3,333.0 billion, exceeding the combined advertising expenses for the four largest mass media sectors (newspapers, magazines, radio, and television) of ¥2,316.1 billion, and accounting for 45.5% of Japan’s total advertising expenditures (*2). This trend is also evident worldwide, where in 2024 global spending on digital advertising is expected to reach approximately ¥70 trillion (US\$449.3 billion), an increase of 7.4% from the previous year, with spending on digital advertising exceeding 59.6% of total advertising expenditures (*3).

*1. Source: Ministry of Internal Affairs and Communications, *2023 Telecommunications Usage Trend Survey Results*

*2. Source: Dentsu Inc., *2023 Advertising Expenditures in Japan*

*3. Source: Dentsu Group Inc., *Global Ad Spend Forecasts (2024-2026)*

In the entertainment market in 2023, sales in the global music market centered on streaming services grew by 10.2% year over year to approximately ¥4,318.6 billion (US\$28.6 billion), expanding for the ninth consecutive year and reaching its highest level since the beginning of this century. In particular, paid subscription streaming accounted for 67.3% of the total, increasing to ¥2,914.3 billion (\$19.3 billion) (*4). In Japan, total sales in the music software market increased by 10.0% year over year to ¥337.2 billion, while paid music distribution sales increased by 11.0% to ¥116.5 billion and audio streaming sales increased by 14.0% year over year to ¥105.6 billion, accounting for more than 90% of total paid music distribution sales (*5). Sales in the Japanese live entertainment market in 2023 reached a record high of ¥685.7 billion, which was 8.9% higher than the previous record set in 2019, the year before the start of the novel coronavirus pandemic, indicating that the market has successfully recovered from the recession coinciding with the pandemic. This market is expected to grow further to ¥710 billion in 2025 and 736 billion by 2030 (*6).

*4. Source: IFPI, *Global Music Report 2024*

*5. Source: Recording Industry Association of Japan (RIAJ), *The Recording Industry in Japan 2024*

*6. Source: Source: PIA Research Institute, *Japanese Live Entertainment Market Survey Results and Latest Future Forecasts* (published June 18, 2024)

Founded in 1992, Faith was the first company in the world to commercialize ringtones, and has steadily grown in step with the popularization of mobile phones around its core music distribution business. In the current music market, along with the spread of smartphones and the diversification of media such as streaming, user-generated content (UGC) (*7), which allows ordinary users to easily transmit information to society, and social media, the music industry is facing a situation in which all of its activities, including content distribution methods, consumption styles, and content production methods, are changing.

*7. User-generated content: images and videos generated and posted by users themselves on the Internet.

In this environment, the Faith Group is continuing to forge ahead with its Multi-Content and Multi-Device Strategy of creating environments in which people can enjoy a wide variety of content when and where they want, by utilizing the efforts it has focused on digital content distribution ever since its establishment. In addition, the Group is developing new services in response to the changing market environment, including platforms that collect and organize the information flooding the Internet and providing it to users after increasing its added value. As a corporate group dedicated to creating the future of music, Faith will continue to strive to create new forms of entertainment that will enrich people's lives and bring smiles to their faces.

At present, we are undertaking fundamental organizational reforms in order to further strengthen our creativity in response to the current period of change in the music industry. In addition to promoting further selection and concentration of our existing businesses, we are pursuing a more flexible approach to work in anticipation of changes in behavior patterns and the establishment of new values. We will continue to maintain the flexibility of our organizational management, integrate our business strategies, speed up decision-making, and make efficient use of our resources, including know-how and human resources, with a view to realizing sustainable growth across the entire Group and increasing our corporate value over the medium to long term.

Regarding the Faith Group's business performance for the first quarter of the current consolidated fiscal year ending March 2025, net sales decreased by 3.7% from the same quarter of the previous fiscal year to ¥3,370 million. The Group reported an operating loss of ¥40 million (compared with an operating loss of ¥40 million for the same period of the previous fiscal year), and an ordinary loss of ¥33 million (compared with an ordinary loss of ¥47 million for the same period of the previous fiscal year). The quarterly net loss attributable to shareholders of the parent was ¥151million (compared with a net loss attributable to shareholders of the parent of ¥80 million for the same period of the previous fiscal year) due mainly to the recording of business structure improvement expenses of ¥84 million.

Information on each business segment is as follows.

Platform Business

In the Platform Business, as sales in our existing distribution businesses continue to decline, we will invest in new growth areas by linking and platforming each of our services with the aim of developing new and innovative products and grasping diversified profit opportunities.

Our new platform, called sprayer, is an innovative music distribution service that helps artists to distribute and monetize their own original songs worldwide simply by registering them, as well as to directly deliver a wide range of activities through the original spray LINK function. Spray LINK is equipped with a crowdfunding function that helps artists to recruit supporters by allowing a portion of their proceeds from music distribution to be returned to their fans as rewards, so they can raise funds for their activities and also share profits with their supporters and reach more listeners with their music. For the future, sprayer will continue to provide a platform that allows artists to directly deliver information about their works to listeners and fans, thereby building deeper engagement and facilitating monetization, and we will work to expand the artist economy across all demographics and create a system that allows artists to grow together with their fans.

FaRao PRO not only provides BGM for commercial use, but also actively develops sales activities centered on the expansion of the functions necessary for store operations, such as store branding solutions, as well as announcement functions. In the future, we will continue to aim at the creation and revitalization of the BGM market.

Fans' is a service equipped with a host of functions necessary for artists' activities, such as building official websites, distributing music and videos, selling artist goods, and managing fan clubs. Moreover, by strengthening links with SNS and allowing fans to spread information sent out by creators, it can contribute to the creation of communities.

In addition to providing a platform for operating point systems for retailers, the Point Service also offers outsourcing services that maximize the efficiency of retailers' sales promotions by providing total support for the entire cycle from planning to operation, including the acquisition, analysis and utilization of point issuance data.

Regarding the performance of this segment, net sales decreased due to sluggish sales of official carrier services for artist platforms and content distribution for mobile phones, as well as points issuance for existing member stores on the Point System operation platform for retailers. On the other hand, as a result of improvements to the business scheme following the termination of some services, although sales decreased by 24.5% year-over-year to ¥399 million, the segment loss decreased to ¥38 million (compared to a segment loss of ¥49 million for the same period of the previous year).

Content Business

In the Content Business, we are strengthening new businesses with an eye to the future in order to overcome our dependence on sales of packaged products in the severe environment faced by the music and video-related industries due to the changing music market. In an effort to create new hits, the three label companies, Nippon Columbia, DREAMUSIC, and KSR, are developing and nurturing content suitable for the next-generation music business. In addition, they are actively utilizing their extensive catalog assets in new projects, with the goal of expanding their IP domains both in Japan and globally.

In the location business, as part of a project to revitalize the area around the Pukarisanbashi Pier in Yokohama Minato Mirai, we were commissioned to produce the PIER21 MUSIC CAFE & BAR, which opened in June 2024. Going forward, together with BAROOM in Minami Aoyama (a music bar with an immersive circular hall) and ZEROTOKYO (a new facility that utilizes the nighttime hours of Zepp Shinjuku (TOKYO), one of the largest live halls in the area), we are aiming to develop multifaceted businesses both inside and outside the group as real places that disseminate a variety of content.

Regarding the performance of this segment, despite higher sales of major digital products and an increase in revenue from live performances and independent performances by affiliated artists, net sales were unchanged year-over-year at ¥2,970 million, and segment income declined 14.8% year-over-year to ¥104 million due mainly to postponements in releases and reduced sales of new packaged products.

*Product and service names appearing in this document are trademarks or registered trademarks of Faith, Inc. either in Japan or in other countries.

(2) Explanation Concerning the Financial Position

Total assets as of the end of the first quarter of the current consolidated fiscal year ending March 2025 (June 30, 2024) decreased by ¥1,209 million compared to the end of the previous consolidated fiscal year to ¥20,693 million. This result was mainly attributable to a decrease of ¥456 million in cash and deposits and a decrease of ¥655 million in accounts receivable.

Total liabilities decreased by ¥963 million compared to the end of the previous consolidated fiscal year to ¥7,666 million. This result was mainly due to a decrease of ¥272 million in notes and accounts payable - trade, a decrease of ¥224 million in accounts payable - other, a decrease of ¥157 million in the provision for bonuses, and a decrease of ¥95 million in long-term loans payable.

Total net assets decreased by ¥246 million compared to the end of the previous consolidated fiscal year to ¥13,027 million. This result was mainly due to the recording of a net loss attributable to shareholders of the parent of ¥151 million and the payment of year-end dividends of ¥55 million.

As a result of the above, the equity ratio increased by 2.4 percentage points to 63.0%.

(3) Explanation Concerning Future Forecast Information on the Consolidated Financial Results, etc.

There is no change in the forecast of consolidated financial results for the current fiscal year from the forecast announced on June 21, 2024. Although performance forecasts are based on information available to the Company at the time of preparation, there is a possibility that the actual performance figures will differ significantly from the forecast figures due to a variety of factors.

2. Consolidated Financial Statements and Important Explanatory Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	Previous consolidated fiscal year/FY 2023 As of March 31, 2024	Current consolidated fiscal year/FY 2024 Q1 As of June 30, 2024
Assets		
Current assets		
Cash and deposits	9,808,298	9,351,545
Notes receivable	5,831	16,133
Accounts receivable	2,360,257	1,704,349
Contract assets	120	120
Marketable securities	214,953	211,900
Merchandise and finished goods	287,356	364,160
Work in process	562,519	539,644
Raw materials and supplies	44,505	39,307
Income taxes refundable	405	407
Other	1,178,706	1,107,826
Allowance for doubtful accounts	△20,364	△18,772
Total current assets	14,442,592	13,316,623
Non-current assets		
Tangible non-current assets	3,494,199	3,470,855
Intangible non-current assets		
Goodwill	1,028,423	998,234
Other	263,053	251,099
Total intangible non-current assets	1,291,477	1,249,333
Investment and other assets		
Investment securities	2,168,088	2,118,765
Deferred tax assets	70,091	83,573
Other	546,213	564,845
Allowance for doubtful accounts	△109,238	△110,377
Total investment and other assets	2,675,154	2,656,807
Total non-current assets	7,460,831	7,376,996
Total assets	21,903,424	20,693,619
Liabilities		
Current liabilities		
Notes and accounts payable- trade	1,107,266	834,784
Short-term loans payable	385,002	382,503
Current portion of long-term debt	433,200	420,700
Accounts payable-other	801,762	577,635
Accrued expenses payable	3,008,212	2,924,298
Income taxes payable	83,716	22,966
Provision for bonuses	274,752	117,111
Provision for business structure improvement	68,162	151,827
Contract liabilities	32,651	25,333
Other	1,087,841	957,085
Total current liabilities	7,282,567	6,414,245
Non-current liabilities		
Long-term loans payable	491,600	395,800
Retirement benefit liabilities	450,133	438,196
Provision for share awards for directors (and other officers)	37,479	38,812
Asset retirement obligations	39,383	39,383
Deferred tax liabilities	324,855	337,490
Other	3,271	2,346
Total non-current liabilities	1,346,723	1,252,030
Total liabilities	8,629,291	7,666,276

(Thousands of yen)

	Previous consolidated fiscal year/FY 2023 As of March 31, 2024	Current consolidated fiscal year/FY 2024 Q1 As of June 30, 2024
Net assets		
Shareholders' equity		
Share capital	3,218,000	3,218,000
Capital surplus	2,840,416	2,840,416
Retained earnings	8,644,481	8,437,798
Treasury shares	△2,414,684	△2,414,768
Total shareholders' equity	12,288,213	12,081,446
Accumulated other comprehensive income		
Valuation difference on other marketable securities	959,469	920,857
Foreign currency translation adjustment	△8,877	△8,871
Accumulated retirement benefit adjustment	35,327	33,910
Total accumulated other comprehensive income	985,919	945,896
Non-controlling interests	—	—
Total net assets	13,274,133	13,027,343
Total liabilities and net assets	21,903,424	20,693,619

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statement of Income)

(Thousands of yen)

	Previous consolidated fiscal year/FY 2023 Q1 (April 1, 2023 – June 30, 2023)	Current consolidated fiscal year/FY 2024 Q1 (April 1, 2024 – June 30, 2024)
Net sales	3,499,101	3,370,362
Cost of sales	2,068,491	2,033,726
Gross profit	1,430,609	1,336,636
Selling, general and administrative expenses	1,470,964	1,377,347
Operating income (loss = Δ)	Δ 40,354	Δ 40,711
Non-operating income		
Interest income	1	920
Dividend income	4,606	3,157
Interest on securities	118	154
Gain on investments in investment partnerships	—	4,787
Foreign exchange gains	840	636
Gain on reversal of provision for directors' share benefits	6,853	—
Miscellaneous receipts	8,805	8,928
Total non-operating Income	21,224	18,584
Non-operating expenses		
Interest paid	2,402	1,738
Loss on valuation of securities	495	3,944
Loss on investments in investment partnerships	4,198	86
Share of loss of entities accounted for using equity method	16,716	1,513
Miscellaneous expenses	4,387	3,805
Total non-operating expenses	28,199	11,088
Ordinary income (loss = Δ)	Δ 47,329	Δ 33,215
Extraordinary income		
Gain on sale of non-current assets	—	949
Total extraordinary income	—	949
Extraordinary losses		
Business structure improvement expenses	—	83,664
Total extraordinary losses	—	83,664
Net income (loss = Δ) before income taxes	Δ 47,329	Δ 115,930
Corporate, inhabitant, and enterprise taxes	22,103	18,405
Corporate tax adjustment	10,803	16,909
Total income taxes	32,906	35,314
Net income (loss = Δ)	Δ 80,236	Δ 151,244
Net income (loss = Δ) attributable to shareholders of parent	Δ 80,236	Δ 151,244

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Previous consolidated fiscal year/FY 2023 Q1 (April 1, 2023 – June 30, 2023)	Current consolidated fiscal year/FY 2024 Q1 (April 1, 2024 – June 30, 2024)
Loss	△ 80,236	△ 151,244
Other comprehensive income		
Valuation difference on other marketable securities	△ 342,029	△ 38,611
Foreign currency translation adjustment	5	5
Retirement benefit adjustment (before any applicable tax effect)	△ 20,292	△ 1,416
Total other comprehensive income	△ 362,315	△ 40,022
Comprehensive income	△ 442,552	△ 191,267
Comprehensive income attributable to		
Comprehensive income attributable to shareholders of parent	△ 442,552	△ 191,267
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes Concerning the Consolidated Financial Statements

(Notes on Changes in Accounting Policies)

(Application of Accounting Standard for Current Income Taxes, etc.)

The Company has applied the Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the Revised Accounting Standard 2022) effective from beginning of the first quarter of the consolidated fiscal year under review.

The amendments to categories in which current income taxes should be recorded (taxation on other comprehensive income) are in accordance with the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso of paragraph 65-2 (2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the Revised Implementation Guidance 2022). This change in accounting policies has no impact on the quarterly consolidated financial statements.

Furthermore, regarding the amendments related to the review of the consolidated financial statements when deferring gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the first quarter of the consolidated fiscal year under review. This change in accounting policies has been applied retrospectively, and the quarterly consolidated financial statements for the previous quarter and the consolidated financial statements for the previous fiscal year have been restated accordingly. This change in accounting policies has no impact on the quarterly consolidated financial statements for the same quarter of the previous fiscal year or on the consolidated financial statements for the full previous fiscal year.

(Notes on Segment Information)

[Segment Information]

I 1st quarter of the previous consolidated fiscal year/FY 2023 (April 1, 2023 through June 30, 2023)

1. Information on sales and profit or loss by reportable segment

(Unit: thousands of yen)

	Platform	Content	Total	Adjustment amount (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
Net sales					
Goods transferred at a single point in time	529,393	2,962,040	3,491,433	—	3,491,433
Goods transferred over a period of time	—	7,667	7,667	—	7,667
Revenue from contracts with customers	529,393	2,969,707	3,499,101	—	3,499,101
Sales to external customers	529,393	2,969,707	3,499,101	—	3,499,101
Intersegment sales or transfer amount	108,970	28,388	137,359	△137,359	—
Total	638,364	2,998,096	3,636,460	△137,359	3,499,101
Segment income or segment loss (△)	△49,418	122,707	73,288	△113,643	△40,354

Notes: 1. The segment income or loss adjustment amount of △¥113,643 thousand consists of ¥3,095 thousand in eliminated intersegment transactions and △¥110,548 thousand in companywide expenses that are not allocated to the reportable segments.

2. Segment income amounts are adjusted with operating income in the quarterly consolidated profit and loss statement

2. Information regarding impairment loss on current assets or goodwill by segment reported

This information is omitted since there is no critical impairment loss on current assets or significant change in amount of goodwill.

II 1st quarter of the current consolidated fiscal year/FY 2024 (April 1, 2024 through June 30, 2024)

1. Information on sales and profit or loss by reportable segment

(Unit: thousands of yen)

	Platform	Content	Total	Adjustment amount (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
Net sales					
Goods transferred at a single point in time	399,953	2,964,920	3,364,873	—	3,364,873
Goods transferred over a period of time	—	5,489	5,489	—	5,489
Revenue from contracts with customers	399,953	2,970,409	3,370,362	—	3,370,362
Sales to external customers	399,953	2,970,409	3,370,362	—	3,370,362
Intersegment sales or transfer amount	114,505	19,864	134,370	△134,370	—
Total	514,459	2,990,274	3,504,733	△134,370	3,370,362
Segment income or segment loss (△)	△38,367	104,525	66,157	△106,869	△40,711

Notes: 1. The segment income or loss adjustment amount of △¥106,869 thousand consists of ¥1,206 thousand in eliminated intersegment transactions and △¥108,075 thousand in companywide expenses that are not allocated to the reportable segments.

2. Segment income amounts are adjusted with operating income in the quarterly consolidated profit and loss statement.

2. Information regarding impairment loss on current assets or goodwill by segment reported

This information is omitted since there is no critical impairment loss on current assets or significant change in amount of goodwill.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Notes on the Premise of a Going Concern)

Not applicable

(Notes to the Statement of Cash Flows)

We have not prepared a quarterly consolidated cash flow statement for the first quarter of the current consolidated cumulative period. However, depreciation expenses (including amortization expenses for intangible non-current assets other than goodwill) and amortization of goodwill for the first quarter of the current consolidated cumulative period are as follows:

	Previous consolidated fiscal year/FY 2023 Q1 (April 1, 2023 – June 30, 2023)	Current consolidated fiscal year/FY 2024 Q1 (April 1, 2024 – June 30, 2024)
Depreciation expenses	¥40,809 thousand	¥44,156 thousand
Amortization of goodwill	¥30,189 thousand	¥30,189 thousand